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RECORD OF ORAL HEARING

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

Ex parte BRIAN A. WESTON, GLENN JACOBY,  
and SIMON GERALD BRITON

Appeal 2007-3389  
Application 09/476,935  
Technology Center 3600

Oral Hearing Held: May 13, 2008

Before HUBERT C. LORIN, ANTON W. FETTING, and MICHAEL W.  
O'NEILL, Administrative Patent Judges

ON BEHALF OF THE APPELLANT:

**FRANK J. DeROSA, ESQUIRE**  
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The above-entitled matter came on for hearing on Tuesday, May 13, 2008, commencing at 9:37 a.m., at the U.S. Patent and Trademark Office, 600 Dulany Street, Alexandria, Virginia, before Kevin E. Carr, Notary Public.

P R O C E E D I N G S

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THE USHER: Calendar Number 6, Appeal Number 20073389, Mr.  
DeRosa.

JUDGE LORIN: Thank you very much.  
Good morning, counsel.

MR. DeROSA: Good morning, Your Honor.

JUDGE LORIN: Your name is Frank J. DeRosa?

MR. DeROSA: Yes, that's correct.

JUDGE LORIN: Thank you. This is application 09/476935?

MR. DeROSA: That's correct, Your Honor.

JUDGE LORIN: We've reviewed the record. When you are ready  
you may proceed. You have twenty minutes.

MR. DeROSA: Thank you, Your Honor.

JUDGE LORIN: Before you begin, I know you'll be discussing the  
rejection. Could you start by first explaining what you mean by "foreign  
exchange forwards?"

MR. DeROSA: Yes, Your Honor.

JUDGE LORIN: Just as a preliminary?

MR. DeROSA: Yes. Foreign exchange can be traded on spot, which  
is within two days, or it can be traded in forward periods where settlement is  
at a future time, at the expiration of the time period.

So, a forward contract for F-EX could settle in two weeks, two  
months, three months, one year. These are called tenors. Forward is a trade  
that is agreed to in the present, but then settled at some future time period.

1           And, depending on how things change, one part or the other may  
2           make money. It seldom works out to be an actual purchase. I agree to buy  
3           X amount of Euros today at an XY exchange rate, then on settlement day  
4           you find out that Y has increased by a couple of tenths or hundredths and so  
5           you pay the difference one way or the other.

6           So, a lot of this is not really millions and billions of dollars changing  
7           hands everyday, although, there are some systems that do trade currency, per  
8           se, but a lot of these other ones, it's just to gamble in foreign exchange.

9           JUDGE LORIN: All right. Thank you, counsel.

10          MR. DeROSA: The real part in interest in this application is the  
11          assignee, Bloomberg, LP. During prosecution, and in during the appeal,  
12          we've relied on dependability really on one limitation.

13          It is as follows: There is a service that mediates trade by consulting  
14          trading configurations. One of the trading configurations includes at least  
15          one temporary restriction, settable by a first trader, with respect to at least  
16          one other trader and one set automatically expires at or after a predetermined  
17          time period.

18          The application refers to this in one place as a "penalty box." Which  
19          is really what it is, because in some instances a trader may enter into  
20          negotiations and not be serious, and they find out after wasting time with the  
21          trader and the trader getting valuable information that the trader wasn't  
22          serious.

23          So, if this happens often enough, and you know, it is this – this  
24          invention allows you to put that trader in a penalty box. Also, if you learn  
25          that party X, during a – has some negative credit – news breaks on the day  
26          and you don't want to change your credit settings and things like that, or

1 your credit ratings. You could disable that credit, that particular trader, with  
2 this temporary restriction.

3 For example, you could have it expire at the end of the day so the next  
4 day you can resume trading.

5 JUDGE LORIN: Well, counsel, let me ask you a question here, so I  
6 can understand what is going on here.

7 You mentioned a penalty box, but the claim is broader than that?

8 MR. DeROSA: Yes, Your Honor.

9 The way the claim reads is that wherein at least one of the trading  
10 configurations includes at least one temporary restriction. So, a restriction  
11 could be as in claim 7, to actually block that trader's trades from being  
12 displayed. So, you don't have to deal with them.

13 But in claim 1, it is a temporary restriction settled by a first trader  
14 with respect to at least one of them.

15 JUDGE LORIN: Which counsel would cover a trader saying to  
16 another trader, over the course of today you can trade up to a certain credit  
17 limit?

18 MR. DeROSA: Well, claim 1 doesn't specify what the temporary  
19 restriction is, so it could be a – well, this particular patent does not have  
20 credit limits for opposing parties. It has credit ratings. It has country  
21 restrictions, and it has for the trader that is behind the screen, there are  
22 restrictions on how much he can trade.

23 I wanted to put this in context, if I may, with how foreign exchange,  
24 electronic foreign exchange trading has evolved. And a good history is in  
25 the Silverman 083 patent. This will be very quick. I don't want to tie you  
26 up on this, but I think it does put it in context.

1       The first electronic trading – or an early electronic trading system put  
2 out by Reuters, and also where Silverman was the inventor, provided for  
3 credit limits for opposing traders. The reason for that is these systems were  
4 anonymous.

5       So when you saw a possible trade that you were going to aggress on  
6 or hit, you didn't know who was on the other side. So, you didn't want to  
7 leave yourself open to risk by trading millions and millions of dollars with  
8 some small bank. So, you would put a low credit limit for that small bank.

9       The early trading system allowed you to see all the trades. So, a  
10 trader would go to make a trade and find out later with some kind of error  
11 message that the trade wouldn't go through. The reason was that the credit  
12 limits didn't stack up.

13       Another patent, the Togher 055 patent, came in with filtering, so you  
14 couldn't see certain trades – you couldn't see trades that you couldn't make  
15 on credit limits with anonymous parties.

16       The only thing is there only a partial filtering. They had a problem –  
17 if the opposing party had a minimum amount of credit, enough to make a  
18 minimum deal, you saw the trade. But if the actual deal was more than the  
19 credit, the same thing could happen. You go to make the trade and it doesn't  
20 go through.

21       And Silverman in the 083 patent, one of the deciding preferences, the  
22 complete filtering – so, you can only – you couldn't see a deal. You  
23 couldn't see a deal if you couldn't make it. You could only see deals you  
24 could make.

25       The credit limits are unilateral and bilateral. There's a – in column 5  
26 or Silverman, each party extends a credit limit to another counter party. You

1 can have unilateral filtering where only the credit you gave to the other party  
2 determines whether you can see the trade, or bilateral where it's the lesser of  
3 the two credit limits.

4 JUDGE LORIN: Okay, counsel. Explain to me why that scenario,  
5 where a trading partner provides a credit limit to the other trading entity,  
6 why this claim doesn't cover that.

7 MR. DeROSA: Yes, Your Honor.

8 The claim calls for at least one temporary restriction, set on my a first  
9 trader. While these credit limits are settable, they are not temporary. The  
10 only time they change is when a party changes them. They can be changed  
11 during the day.

12 If a party sees that he is losing trades and has used up whatever the  
13 credit limit is that he set – which is another concept called available credit,  
14 then he can go in and change the credit limit, but it's going to stay changed  
15 until he resets it.

16 So, it is not a temporary restriction.

17 JUDGE LORIN: Okay. Now, explain what you mean by temporary.

18 MR. DeROSA: It automatically --

19 JUDGE LORIN: If someone set it, and then comes by at the end of  
20 the day and removes it, why isn't that temporary?

21 MR. DeROSA: In a sense it is temporary because it can be changed,  
22 but it doesn't automatically expire which is also called for in claim 1. It  
23 doesn't expire, it's changed.

24 Now, there is another concept in the Silverman patent called available  
25 credit. So you set a credit limit, say with party X of 10 million, and it you

1 execute a trade for 3 million, the credit limit is still 10, but the available  
2 credit goes down to 7.

3 Now, the examiner, as I understood it, said that's what's changing  
4 temporarily because the next day it gets reset. The only problem is, or the  
5 issue is, or the difference is that that available credit is not set by the trader.  
6 It's depleted and diminishes as a result of trades.

7 So, the credit limit stays the same. The available credit can change  
8 during the day. It can go down zero and then there will be no further trades.  
9 Then the next day it will go back up to -- the available credit will start out at  
10 the 10 million. But as the available credit diminishes it is the result of  
11 trading activities and not as a result of a setting that automatically expires.

12 JUDGE LORIN: But the credit limit is. The credit limit is set.

13 MR. DeROSA: It's set and doesn't expire.

14 I have for CitiBank, I'm trading for J.P. Morgan against CitiBank.  
15 I've set CitiBank at 10 million. It stays at 10 million until it changes, but  
16 during the day, if I've done 5 million already with CitiBank, in order to not  
17 go over the 10 million I can only do 5 more.

18 But, the reduction from 10 million to 5 million is not set by a trader.

19 JUDGE LORIN: In my -- I thought I read this to say that the credit  
20 information changes over time; right? If the available credit changes, so  
21 does the credit information. And that, in turn, changes the credit limit.

22 MR. DeROSA: Not the credit limit, Your Honor. I know there are  
23 some -- in a few instances in Silverman with -- there is a mention of the  
24 credit limits changing, but the credit limits are set and do not change until  
25 reset. I can give you a few places where it mentions that -- where Silverman  
26 mentions that it's the credit, the available credit that changes.



1 JUDGE LORIN: My understanding was that the credit limit – the  
2 credit limit, it can be reset. Didn't the reference teach resetting the credit  
3 limit?

4 MR. DeROSA: Yes. That's exactly right, Your Honor.

5 JUDGE LORIN: And you are saying that that resetting of credit limit  
6 is not done in a temporary basis?

7 MR. DeROSA: It is not automatically expiring, Your Honor.

8 JUDGE LORIN: It is not automatically expiring.

9 MR. DeROSA: So, it would say forever if it is not reset by the trader.

10 JUDGE LORIN: And the action of a trader resetting the credit limit is  
11 not an automatic expiration of the previous limit?

12 MR. DeROSA: That's our position, Your Honor, yes.

13 JUDGE LORIN: Do you define the specification, automatic  
14 expiration, any particular way?

15 MR. DeROSA: I believe on page 20, Your Honor. And if you start at  
16 line 16 --

17 JUDGE LORIN: If you will bear with me for a second. My computer  
18 is a little slow, here.

19 JUDGE O'NEILL: Page 20, line 16?

20 JUDGE LORIN: Line 16, you say?

21 MR. DeROSA: Yes, starting at line 16, Your Honor.

22 JUDGE LORIN: Line 16, okay. I'm reading here, the user may  
23 selectively filter out an annoying trader by --

24 MR. DeROSA: Yes. If you could jump to line 20, Your Honor.  
25 Line 20 is what you are looking for.

1 JUDGE LORIN: Line 20 says, in a preferred embodiment. And you  
2 say, may set to expire at the end of a predetermined time – such as five  
3 minutes, the rest of the business day – maybe automatic, but temporary to  
4 prevent, penalize traders from engaging in forthcoming exchanges.

5 That doesn't seem to define "automatic," so to speak. It defines it  
6 within overall possibilities of doing things over time. So, automatic is  
7 quicker. It is just quicker than doing it at the end of the day or over a month.

8 MR. DeROSA: Or five minutes, Your Honor. It expires in five  
9 minutes is another example.

10 So, automatic expiration, I think is to be contrasted with a trader  
11 manually resetting a credit limit.

12 JUDGE LORIN: But, I thought we agreed that the credit limit could  
13 be reset. It could be reset in a month, in a year, in a day.

14 MR. DeROSA: That doesn't expire, Your Honor. It is set and will  
15 remain forever unless reset. So there is no automatic expiration. It is not for  
16 a predetermined time. It could be forever.

17 JUDGE LORIN: Okay, but my question to you is: Say, in the arts,  
18 these credit limits expire at the end of the year. Now, my question to you is:  
19 Is that not an automatic expiration?

20 MR. DeROSA: I'm not aware that they do expire. Is this a  
21 supposition that if the prior are taught, that these credit limits expired then --

22 JUDGE LORIN: No, I'm just – I'm setting an example because we  
23 agreed that it does get reset at some time. I mean, it could be – who knows  
24 what the event could be? Whatever the event is --

25 MR. DeROSA: The event could only be, as far as I know from  
26 Silverman, is the action of a trader. And going in, and there are

1 configuration settings, and changing a credit limit value from one number to  
2 another number, and that's reset manually.

3 JUDGE LORIN: But, automatically could be done manually; could it  
4 not? Or are you reading into the word "automatic" --

5 MR. DeROSA: I would give it a -- it's ordinary meaning. If  
6 something happens without manual intervention. That's what I would read  
7 automatic to mean.

8 JUDGE LORIN: Okay. If I give you that interpretation, that  
9 construction, which is not in the specification, by the way, but someone with  
10 ordinary skill would have that interpretation.

11 Why wouldn't rendering something manual to be automatic, why  
12 wouldn't that be obvious?

13 MR. DeROSA: Okay, that is a different question, now, and I would  
14 be happy to try to address that.

15 The application mentions a number of configuration -- configurable  
16 settings. One of it which is a credit limit for a trader. And as I mentioned  
17 before, this issue of setting credit limits for opposing traders has been around  
18 for some time.

19 They address entirely different issues. Because of anonymity in  
20 Silverman and in prior applications, you don't know who you are trading  
21 with, so you are going to maintain a credit limit.

22 In this case you want to temporarily disable somebody from trading.  
23 And initially, they are enabled. And for some reason, annoying or they  
24 never -- or frequently don't -- after requesting a quote -- after responding to a  
25 request for quote, don't go through with the trade. So, now they've gathered  
26 valuable information, as I said before.

1           So, you don't want to deal with them, so you put them in a penalty  
2 box. This F-EX trading moves pretty quickly, as most electronic trading  
3 does. So, someone who gets this information, in the next few minutes,  
4 might be able to pull off a trade somewhere else at your expense.

5           So that is what this is about. So, I don't see that a problem that's been  
6 around since – I think the first Silverman patent was in the late Eighties,  
7 around 1990, when Reuters first come out with their deal of 2000, and this is  
8 in the Silverman patent. They've been refining that for years.

9           This is just something different. I don't believe credit limits, per se,  
10 for anonymous trading would suggest you would penalty box somebody.  
11 And again, in this particular application, there are – a lot of this trading in  
12 this particular application is not anonymous. Requests for quotes, for  
13 example, you know who are dealing with. So, you are not going to have to  
14 set these credit limits.

15           Some of the trades that this system performs are done pursuant to  
16 negotiations so you know who the party is. So, at some point you know who  
17 the party is; you agree on the terms and you execute. So, it is not done  
18 anonymously.

19           But, the point I was making is that credit limits are different. And this  
20 application does allow you to set credit limits for the trader. They are  
21 different from the penalty box.

22           JUDGE LORIN: This goes back to the question earlier in this  
23 argument, for example, the issue of an anonymous trader in a penalty box is  
24 not in this claim. The claim is much broader than that.

25           MR. DeROSA: Well, if – I don't see prior art that gives – that gives  
26 or discloses or suggests a temporary restriction that automatically expires.

1 JUDGE LORIN: Right, right, right. Well, I don't want to revisit that.  
2 I understand your position on that.

3 MR. DeROSA: So, I'm just using penalty box as a convenience to  
4 refer to the feature. One of the ways – it's in the claim, is you are not to  
5 display trades of that trader, orders of that trader.

6 I don't know if you want to hear about Potter, but Potter is also an F-  
7 EX system. It also mentions forwards. It is not an anonymous system, so it  
8 doesn't have these credit limits that Silverman has. It does – the Potter  
9 system is a bank operated system, so customers know who they're dealing  
10 with. They are dealing with the bank, they don't need credit limits.

11 But the customers have credit limits. The banks don't want to extend  
12 too much credit to a customer. So, it is a one-way credit limit to the bank.  
13 And, of course, as was recognized by the examiner, there is a temporary  
14 restriction. It is not disclosed by Potter.

15 What the examiner cited Silverman for – and again, I don't think the  
16 credit limits in Silverman are set and don't automatically change. And the  
17 other part of it is the available does change, but it is not a result of any  
18 setting.

19 I think I'm just about out of time, but I would just touch on KSR. I  
20 think there is a different situation with KSR. KSR involved a combination  
21 known elements. The inventor took a modular sensor and applied it to an  
22 existing accelerator pedal.

23 In our case, this penalty box feature is not in the prior one, and it is  
24 different from credit limits, anyway. So, just in short summary, I don't KSR  
25 applies to this case.

26 JUDGE LORIN: Why would think it would apply?

1           MR. DeROSA: I don't. I only raised it because it's – just in case. It  
2 is the very end of presentation anyhow, but I thought I would mention that I  
3 didn't think it was a KSR case. KSR is not applicable to this case.

4           That would conclude my presentation. I would be happy to answer  
5 any questions you may have.

6           JUDGE O'NEILL: Counsel, throughout the discourse with Judge  
7 Lorin, you had – the two of you were talking about reset and expire.

8           I felt the question that: If you reset an event, hasn't the previous event  
9 expired?

10          MR. DeROSA: It's been replaced. You might want to refer it  
11 expiring, but I would say it's been replaced, superseded. But, I think the  
12 important difference is that this change did not occur automatically.

13          JUDGE LORIN: Okay. Thank you, counsel.

14          MR. DeROSA: Thank you very much, Your Honors.

15          (Whereupon, at 9:58 a.m., the proceedings were concluded)